fcm federation of canadian municipalities
fédération canadienne des municipalités

SUBMISSION TO THE PARLIAMENTARY TASK FORCE ON FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

JULY 27, 1981

I. INTRODUCTION

The following submission has been prepared by the Federation of Canadian Municipalities. This group represents two hundred municipalities with 10.2 million residents drawn from every province and from both territories. In addition, eighteen of the twenty provincial and territorial municipal associations of municipalities in Canada are affiliate members of the Federation.

Our submission advocates increased discussion and consultation among the three levels of government on program development, funding, modification and termination in all sectors which impinge upon municipal governments.

II. THE FEDERATION'S VIEWPOINT

On June 11, 1981, at the 44th Annual Conference of the Federation of Canadian Municipalities, the following resolution on federal-provincial fiscal arrangements was passed:

> *WHEREAS municipalities in Canada depend upon various grants and transfer payments from other levels of government to carry out municipal responsibilities; and*
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> *WHEREAS municipalities have no guarantee that essential funding will be available from year to year; and*
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> *WHEREAS the federal government is reviewing transfer payments to provinces with the objective of reducing the total amount of such transfers; and*
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> *WHEREAS any reduction in transfer payments to provinces will reduce the total fiscal resources of each province with a resulting impact on municipal transfer payments and grants; and*
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> *WHEREAS in some provinces municipalities participate financially and/or administratively in programs funded under Federal-Provincial agreements; and*
>
> *WHEREAS the federal government has, in the past, cancelled or changed programs that have a direct financial impact on municipalities (such*

as the Community Services Contribution Program) without municipal consultation; and

WHEREAS the federal government has established a Parliamentary Task Force on Federal-Provincial Fiscal Arrangements which will be reporting later this summer;

THEREFORE BE IT RESOLVED that the Federation of Canadian Municipalities urge the federal government to ensure that municipalities are consulted prior to changes in any Federal-Provincial agreement that affects municipalities in that province; and

THAT FCM make representation to the federal Task Force on Federal-Provincial Fiscal Arrangements to ensure that municipal concerns are addressed in any discussion on or change in Federal-Provincial fiscal agreements.

While the Federation provided information in support of a submission prepared jointly by the Association of Municipalities of Ontario, the Association of Counties and Regions of Ontario, and the Municipal Liaison Committee which was presented to the Parliamentary Task Force on May 14, 1981, delegates to the 44th Annual Conference believed that the only national association of municipal governments should prepare an additional statement to emphasize the Federation's commitment to the principle of increased consultation among all levels of government on federal-provincial fiscal arrangements.

An interpretative report ("Puppets on a Shoestring") published by the Canadian Federation of Mayors and Municipalities in 1976 formulated an urgent request for "...a municipal government that is more free of 'conditional' provincial grants and that has direct access to a wider range of tax revenues." The report defines the essential problem of local governments as "the failure of the revenue base of municipalities to expand to meet the demands placed upon it by urbanization."

A major research study published by the FCM in May, 1980, Municipal Government in a New Canadian Federal System, devotes its opening

chapter to a consideration of the element of constitutional datedness in the British North America Act in terms of its failure to recognize the community decision-making responsibilities and the accompanying financial needs of municipal government in Canada.

Given these facts, the Federation of Canadian Municipalities believes that it is imperative that municipal access to sources of revenue in addition to property tax be endorsed and encouraged without further delay.

Clearly, a failure to provide substantial increases in federal-provincial transfers must result either in drastic cuts in provincial and municipal spending, or in radical increases in provincial and local taxes.

For many years, the Federation of Canadian Municipalities has been a dedicated proponent of tri-level consultation among the federal, provincial and municipal levels of government in areas of mutual concern. While we recognize the constitutional constraints by which the federal government and the provincial governments are bound, we believe that tri-level consultation has a legitimate, and an essential, place in intergovernmental relations.

The recent termination of the Community Services Contribution Program by the federal government caused much resentment in municipalities throughout Canada. Many communities made substantial front-end expenditures in projects which had been approved for CSCP support. Some of these projects will not, as a result of the program's termination, be completed.

Unilateral program abandonment by the federal government is only part of the problem. The possibility of policy decisions and new program introduction without local government consultation is also a source of ongoing concern. Municipalities recognize and accept the need for change as an element in development. We offer our local government expertise in assisting the other

levels of government to review and revise existing programs, and to help in developing effective new ones.

Increased consultation among the three levels of government would be, in our view, mutually productive and advantageous. We urge you, as members of the Parliamentary Task Force, to support a broadly-based tri-level discussion process on all matters affecting local government interests.

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